news

Dun & Bradstreet

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Business Economics Division

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Monthly
Failures
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CLIMB IN FAILURES EARLY IN 1980
CENTERS IN CONSTRUCTION

NEW YORK, September - - After starting the year with a strong upsurge, commercial and industrial failures slackened 7.1 per cent to 677 in February from 729 in January, according to Dun & Bradstreet. However, 24.2 per cent more business casualties occurred than in the like month of 1979 when there were 545. In fact, it was the highest February total in four years.

Dollar liabilities involved in the month's failures ebbed more sharply,to $190.8 million from $243.1 million in the preceding month. The decline was concentrated in larger casualties with liabilities above $25,000. Yet all size groups above $5,000 showed increases from comparable 1979 levels, with the steepest jump from a year earlier in million dollar bankruptcies, to 31 from 19. They lifted aggregate losses above the $177.1 million incurred in February 1979 failures.

In services,failures slowed considerably between January and February, while both retailing and wholesaling tolls eased moderately. Casualty rates lightened primarily in transportation and business services and in retail food stores. A strong contrast prevailed in construction where failures climbed 22 per cent in February to reach the largest number since early 1977. While all types of contractor suffered more casualties than a month earlier, the rise was particularly severe for heavy construction contractors.

Compared with a year earlier, failures ran higher in all functions. Increases of more than 40 per cent took place in manufacturing, construction and services. On the other hand, the only noteworthy upsurges in retailing centered in the automotive and building materials trade.

Geographically, business casualties slackened between January and February in five regions but held steady or rose in the other four regions. But, failures climbed above comparable year-ago levels in all areas except the Middle Atlantic and West South Central States where New York and Texas accounted for a lightening of tolls.

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BEST AVAILABLE COPY

INDUSTRY AND TRADE	NUMBER OF FAILURES				LIABILITIES			
	FEBRUARY		TWO MONTHS		FEBRUARY		TWO MONTHS	
	1980	1979	1980	1979	1980	1979	1980	1979
MINING AND MANUFACTURING								
Mining-Coal, Oil, Miscellaneous	5	3	6	8	5,860	856	6,851	9,166
Food & Kindred Products	5	6	11	10	1,366	1,690	6,990	12,126
Textile Mill Products & Apparel	16	9	26	22	8,071	2,560	17,450	13,092
Lumber & Lumber Products	8	7	20	14	4,941	5,509	6,284	6,857
Paper, Printing & Publishing	13	12	21	26	20,745	1,445	22,357	7,549
Chemicals & Allied Products	4	3	11	6	487	3,774	2,029	5,696
Leather & Leather Products	2	--	2	--	80	--	80	--
Stone, Clay & Glass Products	4	4	9	6	1,302	6,174	1,926	6,508
Metals, Primary & Fabricated	9	4	20	17	4,133	359	14,045	3,915
Machinery	11	10	21	25	9,985	27,591	16,982	47,368
Transportation Equipment	3	4	8	9	806	447	2,330	4,309
Miscellaneous	19	8	40	26	14,355	3,092	18,570	8,558
TOTAL MINING AND MANUFACTURING	99	70	195	169	72,131	53,497	115,894	125,144
WHOLESALE TRADE								
Food & Farm Products	10	15	21	25	4,680	11,680	13,517	16,064
Apparel	--	2	2	3	--	439	150	815
Dry Goods	1	1	5	3	26	542	7,661	1,983
Lumber, Bldg. Materials & Hardware	6	4	15	6	1,428	1,230	5,943	2,048
Chemicals & Drugs	3	5	5	6	381	6,677	810	6,778
Motor Vehicles & Auto Equipment	8	5	14	14	1,033	1,641	1,672	2,224
Electrical Goods	3	5	10	10	397	457	1,313	2,766
Furniture & Furnishings	4	2	9	6	3,083	299	6,107	3,364
Machinery, Equipment & Supplies	13	8	27	18	2,262	1,067	4,811	2,468
Miscellaneous	22	13	43	37	4,427	1,130	25,366	12,989
TOTAL WHOLESALE TRADE	70	60	151	126	17,711	25,262	67,350	51,499
RETAIL TRADE								
Food & Liquor	17	30	56	61	1,777	4,662	6,035	8,368
General Merchandise	5	6	26	11	530	3,681	6,634	7,938	
Apparel & Accessories	31	39	63	69	4,494	5,410	8,004	8,156
Furniture & Home Furnishings	43	39	92	75	7,155	6,702	18,761	10,380
Lumber, Bldg. Materials & Hardware	17	11	34	27	2,327	3,293	5,053	9,167
Automotive Group	58	29	107	78	18,648	6,492	39,105	10,707
Eating & Drinking Places	62	56	126	111	12,344	36,208	21,036	44,167
Drug Stores	5	6	9	11	847	711	877	1,357
Miscellaneous	53	49	110	91	7,147	5,414	33,000	8,945
TOTAL RETAIL TRADE	291	265	623	534	54,369	72,573	138,505	108,785
CONSTRUCTION								
General Building Contractors	70	45	131	108	5,966	7,448	17,820	22,513
Building Sub-Contractors	68	54	124	112	10,263	9,788	16,664	16,768
Other Contractors	11	5	16	11	3,553	2,146	13,106	4,754
TOTAL CONSTRUCTION	149	104	271	231	19,782	19,382	67,590	44,035
COMMERCIAL SERVICE								
Passenger & Freight Transportation	17	12	49	40	800	1,801	23,069	8,141
Miscellaneous Public Service	2	4	4	5	42	230	1,454	262
Hotels	1	2	3	3	187	675	1,979	675
Cleaning, Dyeing & Repairing	2	5	4	9	90	753	162	920
Laundries	--	--	--	--	--	--	--	--
Funeral Services	--	1	--	1	--	16	--	16
Other Personal Services	6	6	13	12	469	693	883	1,489
Business Services	31	13	79	45	4,853	1,990	15,947	17,840
Repair Services	9	4	14	14	780	215	1,104	501
TOTAL COMMERCIAL SERVICE	68	46	166	127	6,407	6,373	44,598	29,844
TOTAL UNITED STATES	677	545	1,406	1,187	170,788	177,087	433,937	359,307

APPARENT ANNUAL NUMBER OF FAILURES PER 10,000 LISTED ENTERPRISES

	UNADJUSTED INDEX			ADJUSTED INDEX		
	1980	1979	1978	1980	1979	1978
January	31.2	27.7	21.8	30.9	27.4	21.5
February	31.4	27.8	27.4	27.5	24.4	24.0
March		30.1	26.3		27.9	24.6
April		32.7	25.3		30.8	24.1
May		30.3	24.3		29.1	23.4
June		25.9	21.7		26.2	21.9
July		25.3	20.2		27.5	22.0
August		30.6	27.4		32.9	29.8
September		23.5	20.3		26.1	22.6
October		32.9	21.8		33.6	22.5
November		24.0	26.0		23.1	25.2
December		22.7	24.0		24.9	26.4
No. Average		27.8	23.9			

DUN'S FAILURE INDEX RELATES THE NUMBER OF FAILURES IN EACH MONTH TO THE NUMBER OF INDUSTRIAL AND COMMERCIAL ENTERPRISES LISTED IN THE DUN & BRADSTREET REFERENCE BOOK. IT SHOWS THE ANNUAL RATE AT WHICH BUSINESS CONCERNS WOULD FAIL IF THE NUMBER OF FAILURES AND CONCERNS LISTED IN THAT MONTH PREVAILED FOR AN ENTIRE YEAR. THE INDEX IS EXPRESSED AS THE ANNUAL NUMBER OF FAILURES PER 10,000 LISTED INDUSTRIAL AND COMMERCIAL ENTERPRISES.

THE "UNADJUSTED" FIGURES HAVE BEEN SLIGHTLY ADJUSTED TO EQUALIZE, IN SO FAR AS POSSIBLE, THE NUMBER OF WORKING DAYS IN EACH MONTH. SEASONAL FLUCTUATIONS HAVE BEEN REMOVED IN THE ADJUSTED INDEX BY THE METHOD OF DEVIATIONS FROM A TWELVE-MONTH MOVING AVERAGE.

	NUMBER OF FAILURES			LIABILITIES (In Thousands of Dollars)		
	1980	1979	1978	1980	1979	1978
January	729	642	504	243,149	182,220	168,308
February	677	545	559	190,788	177,087	205,014
March		732	666		187,763	324,412
April		734	594		242,764	202,990
May		708	583		200,449	160,395
June		602	519		273,171	178,839
July		565	459		212,200	231,821
August		736	675		287,438	206,395
September		505	458		186,195	127,022
October		767	511		395,753	475,342R
November		519	556		184,307	178,933
December		509	535		138,015	196,535
Total		7,564	6,619		2,667,362	2,656,006R

BUSINESS FAILURES INCLUDE THOSE BUSINESSES THAT CEASED OPERATIONS FOLLOWING ASSIGNMENT, OR BANKRUPTCY; CEASED WITH THE LOSS TO CREDITORS AFTER SUCH ACTIONS AS EXECUTION, FORECLOSURE, OR ATTACHMENT; VOLUNTARILY WITHDREW LEAVING UNPAID OBLIGATIONS; WERE INVOLVED IN COURT ACTIONS SUCH AS RECIVERSHIP, REORGANIZATION, OR ARRANGEMENT, OR VOLUNTARILY COMPROMISED WITH CREDITORS OUT OF COURT.

LIABILITIES, AS USED IN THE FAILURE RECORD, HAVE A SPECIAL MEANING: THEY INCLUDE ALL ACCOUNTS AND NOTES PAYABLE AND ALL OBLIGATIONS, WHETHER IN SECURED FORM OR NOT, KNOWN TO BE HELD BY BANKS, OFFICERS, AFFILIATED COMPANIES, SUPPLYING COMPANIES, OR THE GOVERNMENT. THEY DO NOT INCLUDE LONG-TERM, PUBLICLY-HELD OBLIGATIONS. OFFSETTING ASSETS ARE NOT TAKEN INTO ACCOUNT.

UNITED STATES FAILURES BY STATES -- FEBRUARY 1980

	NUMBER OF FAILURES				LIABILITIES (In Thousands of Dollars)			
	FEBRUARY		TWO MONTHS		FEBRUARY		TWO MONTHS	
REGIONS AND STATES	1980	1979	1980	1979	1980	1979	1980	1979
MAINE	4	--	6	[illegible]	724	--	10,335	424
NEW HAMPSHIRE	--	1	1	1	--	30	[illegible]	30
VERMONT	--	--	--	1	--	--	--	30
MASSACHUSETTS	15	13	37	36	6,280	1,275	11,234	1,809
CONNECTICUT	7	4	16	13	779	444	7,990	1,746
RHODE ISLAND	--	1	--	1	--	334	--	334
TOTAL NEW ENGLAND	26	19	60	57	7,783	2,083	29,559	4,373
NEW YORK	30	40	62	77	19,672	30,240	27,936	41,135
NEW JERSEY	23	22	32	43	14,716	3,442	15,736	5,361
PENNSYLVANIA	44	31	90	63	7,158	14,582	16,316	31,206
TOTAL MIDDLE ATLANTIC	97	123	223	256	42,546	48,264	59,987	77,702
OHIO	24	17	46	32	8,867	11,274	7,441	20,248
INDIANA	11	21	40	21	1,921	3,363	[illegible]	3,361
ILLINOIS	30	24	52	54	7,331	6,067	14,665	11,313
MICHIGAN	31	29	58	49	6,256	20,864	23,151	44,962
WISCONSIN	13	11	27	23	2,106	1,269	4,459	1,351
TOTAL EAST NORTH CENTRAL	117	102	271	229	26,483	44,037	49,440	81,232
MINNESOTA	14	16	30	41	15,238	5,372	42,336	6,752
IOWA	9	6	17	17	2,140	460	3,185	1,490
MISSOURI	12	4	16	7	1,057	942	1,176	1,479
NORTH DAKOTA	2	--	3	4	859	--	1,084	540
SOUTH DAKOTA	3	3	7	7	2,335	1,363	2,401	2,294
NEBRASKA	5	6	9	13	1,307	1,210	2,336	3,014
KANSAS	4	4	21	16	1,115	1,441	3,144	2,884
TOTAL WEST NORTH CENTRAL	51	43	122	105	29,250	11,014	55,902	18,479
MARYLAND	17	1	34	5	5,425	75	5,563	1,905
DELAWARE	--	1	--	4	--	49	--	599
DISTRICT OF COLUMBIA	--	--	--	1	--	--	--	30
VIRGINIA	21	9	40	9	1,448	440	6,173	1,612
WEST VIRGINIA	4	3	4	4	330	271	330	670
NORTH CAROLINA	12	5	24	16	1,002	562	4,027	1,593
SOUTH CAROLINA	--	--	--	--	--	--	--	--
GEORGIA	16	11	34	27	6,080	2,713	11,124	3,423
FLORIDA	16	6	20	12	3,185	466	4,856	2,339
TOTAL SOUTH ATLANTIC	86	36	156	78	17,907	4,620	40,421	14,002
KENTUCKY	6	4	27	8	2,602	448	7,470	2,466
TENNESSEE	29	10	54	29	2,884	1,541	14,006	5,779
ALABAMA	5	4	9	19	1,760	2,755	2,507	3,949
MISSISSIPPI	1	4	2	9	800	4,294	1,303	4,903
TOTAL EAST SOUTH CENTRAL	41	22	92	65	8,046	9,038	25,286	17,097
ARKANSAS	5	4	13	13	1,114	965	1,931	1,647
OKLAHOMA	6	9	22	16	1,263	927	5,801	5,482
LOUISIANA	6	13	13	11	1,361	1,066	23,075	2,449
TEXAS	44	60	91	110	32,175	10,514	44,440	31,232
TOTAL WEST SOUTH CENTRAL	61	86	139	150	36,701	13,472	75,141	43,709
MONTANA	--	1	1	4	--	83	101	452
IDAHO	3	--	3	4	849	--	449	707
WYOMING	--	--	--	2	--	--	--	1,626
COLORADO	13	10	23	17	2,219	2,129	5,423	2,200
NEW MEXICO	5	2	13	2	699	139	1,559	139
ARIZONA	--	2	--	7	--	96	--	264
UTAH	1	--	1	8	54	--	54	660
NEVADA	4	2	7	5	217	150	843	365
TOTAL MOUNTAIN	26	17	48	49	3,713	2,596	8,409	7,222
ALASKA	5	--	5	--	811	--	811	--
HAWAII	10	2	18	5	5,467	98	4,235	200
WASHINGTON	22	29	22	54	3,331	4,994	3,331	10,432
OREGON	10	10	23	22	1,641	1,733	5,513	2,916
CALIFORNIA	101	70	211	180	15,300	13,178	37,155	35,796
TOTAL PACIFIC	148	110	279	261	24,550	20,003	51,045	49,344
25 LARGEST CITIES								
NEW YORK, NEW YORK	25	46	52	77	8,619	28,600	24,044	38,408
CHICAGO, ILLINOIS	6	9	14	16	1,469	3,463	3,119	5,426
LOS ANGELES, CALIFORNIA	9	7	20	10	1,244	2,320	7,230	2,613
PHILADELPHIA, PENNSYLVANIA	7	13	20	21	1,629	7,029	2,339	11,551
DETROIT, MICHIGAN	2	2	10	10	775	41	2,978	1,208
HOUSTON, TEXAS	12	10	23	15	9,427	2,740	11,311	1,116
BALTIMORE, MARYLAND	--	1	1	2	2,213	75	5,489	174
DALLAS, TEXAS	3	7	9	15	2,694	845	5,906	10,656
WASHINGTON, D.C.	--	--	--	1	--	--	--	50
CLEVELAND, OHIO	--	1	--	3	--	49	--	131
INDIANAPOLIS, INDIANA	4	4	13	4	151	304	1,219	304
MIAMI, FLORIDA	2	2	2	2	157	154	157	154
SAN FRANCISCO, CALIFORNIA	2	--	7	4	235	--	586	360
SAN DIEGO, CALIFORNIA	3	1	4	3	734	140	1,045	420
SAN ANTONIO, TEXAS	--	3	7	3	--	337	2,194	1,412
BOSTON, MASSACHUSETTS	6	3	12	5	618	157	1,309	412
MEMPHIS, TENNESSEE	6	3	9	3	372	458	645	458
ST. LOUIS, MISSOURI	3	--	3	--	5,054	--	5,054	--
NEW ORLEANS, LOUISIANA	3	1	5	1	782	150	18,618	150
PHOENIX, ARIZONA	--	2	--	3	--	45	--	97
COLUMBUS, OHIO	5	1	8	2	1,107	3,352	2,401	5,398
SEATTLE, WASHINGTON	2	2	2	7	172	843	172	1,458
JACKSONVILLE, FLORIDA	--	--	--	--	--	--	--	--
PITTSBURGH, PENNSYLVANIA	9	3	10	5	401	222	938	1,947
DENVER, COLORADO	4	3	6	4	342	969	620	906
TOTAL 25 CITIES	121	124	250	218	40,157	52,632	95,143	95,499
BALANCE OF COUNTRY	556	421	1,156	989	150,631	124,455	340,744	263,808
TOTAL UNITED STATES	677	545	1,406	1,207	190,788	177,087	435,937	359,307

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SIZE OF LIABILITIES (In Thousands of Dollars)

SIZE OF LIABILITIES BY INDUSTRY GROUP	FEBRUARY 1980			FEBRUARY 1979			TWO MONTHS 1980			TWO MONTHS 1979		
	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.	NUMBER	PER CENT	CURRENT LIAB.
MINING & MANUFACTURING	99	100.0	72,131	70	100.0	53,497	195	100.0	115,892	169	100.0	125,144
Under $5,000	--	--	--	1	1.4	1	--	--	--	1	0.6	1
$5,000 to $25,000	9	9.1	135	8	11.5	132	17	8.7	251	13	7.7	218
$25,000 to $100,000	26	26.3	1,435	20	28.5	1,111	45	23.1	2,450	55	32.5	2,969
$100,000 to $1,000,000	51	51.5	17,302	33	47.1	9,591	108	55.4	35,172	78	46.2	21,491
$1,000,000 and Over	13	13.1	53,259	8	11.5	42,662	25	12.8	78,019	22	13.0	100,465
WHOLESALE TRADE	70	100.0	17,711	60	100.0	25,262	151	100.0	67,350	126	100.0	51,499
Under $5,000	--	--	--	1	1.6	3	--	--	--	1	0.8	3
$5,000 to $25,000	7	10.0	109	4	6.7	76	11	7.3	178	8	6.4	124
$25,000 to $100,000	20	28.6	1,171	25	41.7	1,327	48	31.8	2,855	46	36.5	2,350
$100,000 to $1,000,000	38	54.3	9,241	27	45.0	9,202	78	51.6	21,356	62	49.2	19,730
$1,000,000 and Over	5	7.1	7,190	3	5.0	14,654	14	9.3	42,961	9	7.1	29,292
RETAIL TRADE	291	100.0	54,369	265	100.0	72,573	623	100.0	138,505	534	100.0	108,785
Under $5,000	2	0.7	6	5	1.9	14	6	1.0	18	9	1.7	27
$5,000 to $25,000	31	10.7	474	43	16.2	646	63	10.1	939	102	19.1	1,618
$25,000 to $100,000	125	43.0	7,294	116	43.8	6,552	273	43.8	15,357	222	41.6	12,407
$100,000 to $1,000,000	127	43.6	33,411	93	35.1	23,321	266	42.7	66,164	191	35.8	45,235
$1,000,000 and Over	6	2.0	13,184	8	3.0	42,040	15	2.4	56,027	10	1.8	49,498
CONSTRUCTION	149	100.0	37,170	104	100.0	19,382	271	100.0	67,590	231	100.0	44,035
Under $5,000	1	0.7	1	--	--	--	1	0.4	1	--	--	--
$5,000 to $25,000	19	12.8	301	9	8.6	158	34	12.5	585	18	7.8	307
$25,000 to $100,000	51	34.2	2,915	34	32.7	1,943	98	36.2	5,607	90	39.0	4,874
$100,000 to $1,000,000	72	48.3	17,638	61	58.7	17,281	128	47.2	32,932	118	51.1	31,589
$1,000,000 and Over	6	4.0	16,315	--	--	--	10	3.7	28,465	5	2.1	7,265
COMMERCIAL SERVICE	68	100.0	9,407	46	100.0	6,373	166	100.0	44,598	127	100.0	29,844
Under $5,000	1	1.5	4	1	2.2	1	1	0.6	4	3	2.3	8
$5,000 to $25,000	9	13.2	130	10	21.7	163	23	13.9	370	28	22.1	421
$25,000 to $100,000	29	42.6	1,507	14	30.4	666	73	44.0	3,829	50	39.4	2,544
$100,000 to $1,000,000	28	41.2	6,180	21	45.7	5,543	61	36.7	16,199	43	33.9	12,427
$1,000,000 and Over	1	1.5	1,586	--	--	--	8	4.8	24,196	3	2.3	14,444
TOTAL UNITED STATES	677	100.0	190,788	545	100.0	177,087	1,406	100.0	433,937	1,187	100.0	359,307
Under $5,000	4	0.6	11	8	1.5	19	8	0.6	23	14	1.2	39
$5,000 to $25,000	75	11.1	1,149	74	13.6	1,175	148	10.5	2,323	169	14.2	2,688
$25,000 to $100,000	231	37.1	14,322	209	38.3	11,599	537	38.2	30,098	463	39.0	25,144
$100,000 to $1,000,000	316	46.7	83,772	235	43.1	64,938	641	45.6	171,825	492	41.5	130,472
$1,000,000 and Over	31	4.5	91,534	19	3.5	99,356	72	5.1	229,668	49	4.1	200,964

FAILURES BY FEDERAL RESERVE DISTRICT BY DIVISIONS OF INDUSTRY...FEBRUARY 1980
(Liabilities in Thousands of Dollars)

FEDERAL RESERVE DISTRICTS BY INDUSTRY GROUP	MANUFACTURING		WHOLESALE TRADE		RETAIL TRADE		CONSTRUCTION		COMM. SERVICE		U.S. TOTAL	
	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.	NUMBER	CURRENT LIAB.
Boston	1	168	2	554	14	1,554	3	2,734	3	195	23	5,205
New York	16	23,102	11	6,815	15	812	3	231	8	449	53	31,409
Philadelphia	10	2,759	2	134	17	3,939	10	1,417	2	1,028	41	9,277
Cleveland	1	1,287	3	492	18	2,126	16	2,106	2	446	40	6,457
Richmond	7	572	4	377	24	4,893	15	1,513	3	157	53	7,512
Atlanta	13	6,457	8	2,388	28	4,197	13	2,831	3	496	65	16,369
Chicago	7	2,828	11	1,831	48	9,520	17	3,201	7	560	90	17,940
St. Louis	5	1,642	2	277	14	6,680	7	1,675	4	277	32	10,551
Minneapolis	2	13,407	4	689	17	3,942	7	1,055	3	279	33	19,372
Kansas City	3	1,060	7	859	20	4,350	9	1,187	6	995	45	8,451
Dallas	11	14,189	3	549	14	1,885	11	10,031	6	2,483	45	29,137
San Francisco	23	4,660	13	2,746	62	10,471	38	9,189	21	2,042	157	29,108
TOTAL UNITED STATES	99	72,131	70	17,711	291	54,369	149	37,170	68	9,407	677	190,788

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